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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SAN JOSE WATER COMPANY (U 168 W) for an Order Approving the Sale of the Main Office under Section 851 and Authorizing the Investment of the Sale Proceeds under Section 790.

Application 07-01-035
(Filed January 22, 2007)

**ADMINISTRATIVE LAW JUDGE'S RULING
TO STRIKE TESTIMONY**

Summary

This ruling states my intention to strike a portion of Exhibit SJWC-5 that responds to previously stricken Division of Ratepayer Advocates' (DRA) testimony.

Background

The October 30, 2007 Administrative Law Judge (ALJ) ruling stated that no revisions to the scope of issues or to Application 07-01-035 were necessary (October 30 ALJ ruling). In particular, the October 30 ALJ ruling determined that the scope of the proceeding should not be modified to include the issues of cross-subsidization and affiliate transactions.

At the evidentiary hearing on December 19, 2007, I granted San Jose Water Company's motion to strike Section V.3 of DRA's testimony on page 17 of Exhibit DRA-1. The stricken testimony addresses affiliate transaction issues that go beyond the scope of this proceeding. A portion of Exhibit SJWC-5 (Rebuttal Testimony of Palle Jensen) responds to the stricken DRA testimony.

Discussion

A question and answer on page 5 of Exhibit SJWC-5 responds to the DRA testimony contained in Section V.3 on page 17 of Exhibit DRA-1 that has been

stricken, and restates a portion of the previously stricken testimony. Therefore, I intend to strike the question on page 5 of Exhibit SJWC-5, beginning with the words, "On page 17, line 13 of DRA's Report...", and the answer to that question.

Parties shall respond by January 18, 2008 with any objections to my intention to strike the question and answer on page 5 of Exhibit SJWC-5 that responds the stricken testimony on page 17 of Exhibit DRA-1. No replies to the responses will be permitted. If no objections are received by January 18, 2008, the question on page 5 of Exhibit SJWC-5, beginning with the words, "On page 17, line 13 of DRA's Report...", and the answer to that question will be stricken.

IT IS RULED that:

1. I intend to strike the question on page 5 of Exhibit SJWC-5, beginning with the words, "On page 17, line 13 of DRA's Report...", and the answer to that question.

2. Parties shall respond by January 18, 2008 with any objections to striking the question on page 5 of Exhibit SJWC-5, beginning with the words "On page 17, line 13 of DRA's Report...", and the answer to that question. No replies to the responses will be permitted.

3. If no objections are made by January 18, 2008, the question on page 5 of Exhibit SJWC-5, beginning with the words, "On page 17, line 13 of DRA's Report...", and the answer to that question will be stricken.

Dated January 3, 2008, at San Francisco, California.

/s/ RICHARD SMITH

Richard Smith
Administrative Law Judge

INFORMATION REGARDING SERVICE

I have provided notification of filing to the electronic mail addresses on the attached service list.

Upon confirmation of this document's acceptance for filing, I will cause a hard copy of the filed document to be served upon the service list to this proceeding by U.S. mail. The service list I will use to serve the hard copy of the filed document is current as of today's date.

Dated January 3, 2008, at San Francisco, California.

/s/ SANDRA M. JACKSON

Sandra M. Jackson